

Testimony before the  
Committee on Financial Services<sup>1</sup>  
U.S. House of Representatives  
by  
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Good morning, Chairwoman Waters, Ranking Member McHenry, and members of the committee. Thank you for inviting me to testify. My name is David Lucas, and I am a Postdoctoral Research Fellow with the Institute for an Entrepreneurial Society in the Whitman School of Management at Syracuse University.

My research focuses on analyzing efforts to end homelessness in our nation, and I am honored to speak with you on this topic. My present testimony cannot address all of the intricacies of this important issue, but I can speak to three considerations based on my research and the available evidence.

1. We do not yet know how to end homelessness.
2. The homeless problem varies widely across communities and individuals, reducing the likelihood of a universal solution.
3. Allowing service providers more flexibility for experimentation, paired with the prioritization of performance data, will facilitate a more compassionate, effective, and truly evidence-based response.

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<sup>1</sup> Prepared for the hearing, “Homeless in America: Examining the Crisis and Solutions to End Homelessness.”

<sup>2</sup> The opinions expressed here are my own and should not be attributed to Syracuse University nor to any other institution with which I am affiliated.

## WE DO NOT YET KNOW HOW TO END HOMELESSNESS

It is often said that “we know what works” to end homelessness.<sup>3</sup> The premise of this claim is that we have a sufficient evidence base to “solve” homelessness—i.e., via Housing First.

It is true that at least three acceptably rigorous studies have found that clients entering Housing First programs had higher rates of housing retention compared to other shelter programs.<sup>4</sup> Importantly, however, these studies only deal with client-level outcomes. They tell us what happened to individuals or families in particular programs relative to existing alternatives. By construction, these studies do *not* demonstrate whether further implementation of Housing First (or related housing subsidies) would end or even reduce homelessness in the aggregate. That is the important policy question, and the answers to this question are far less promising.

From 2009 to 2018, the federal government significantly increased annual homelessness funding, to nearly \$6 billion a year. This funding helped to double the availability of housing subsidy-based programs for the homeless, adding 142,000 additional permanent supportive housing beds and 100,000 rapid rehousing beds nationwide. However, unsheltered homelessness only declined by 32,000 people.

Of course, this does not tell us what (if any) causal role these targeted efforts had in reducing homelessness. Economists, including myself, have estimated the effects of federal homelessness funding and of permanent supportive housing on the amount of homelessness in

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<sup>3</sup> David S. Lucas, *Evidence-based policy as public entrepreneurship*, 20 PUBLIC MANAGEMENT REVIEW 1602–1622 (2018).

<sup>4</sup> These are the Pathways to Housing program in New York City, the At Home/Chez Soi program in Canada, and the multi-city Family Options Study. Sam Tsemberis, Leyla Gulcur & Maria Nakae, *Housing first, consumer choice, and harm reduction for homeless individuals with a dual diagnosis*, 94 AMERICAN JOURNAL OF PUBLIC HEALTH 651–656 (2004); Daniel Gubits et al., *Family options study: Short-term impacts of housing and services interventions for homeless families*, US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, OFFICE OF POLICY DEVELOPMENT AND RESEARCH (2015); Tim Aubry, Geoffrey Nelson & Sam Tsemberis, *Housing First for People with Severe Mental Illness Who are Homeless: A Review of the Research and Findings from the at Home—Chez soi Demonstration Project*, 60 CAN J PSYCHIATRY 467–474 (2015).

communities nationwide, controlling for other factors like housing market conditions, unemployment, and climate. Kevin Corinth found that communities required at least *ten* additional permanent supportive housing beds to reduce homelessness by a single person.<sup>5</sup> In my research, I found that federal homelessness funding had no effect on the prevalence of unsheltered homelessness across communities in recent years.<sup>6</sup> Columbia University’s Brendan O’Flaherty recently summarized the state of the literature as follows: “We don’t know how to end homelessness. Not in the aggregate, anyway.”<sup>7</sup>

### **A SINGLE, UNIVERSAL SOLUTION IS UNLIKELY**

Why would large increases in housing subsidy-based homeless programs (like Housing First) yield small reductions in homelessness? One answer is that supplying permanent housing subsidies through the shelter system tends to increase shelter entries.<sup>8</sup> But another important factor is that local conditions influence the nature of homelessness in a community—and, in turn, the effectiveness of different approaches.

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<sup>5</sup> This would imply the need for over 5.5 million additional permanent supportive housing beds to end homelessness for the 550,000 people who are currently homeless—not including those who may become homeless in the future. See Kevin Corinth, *The impact of permanent supportive housing on homeless populations*, 35 JOURNAL OF HOUSING ECONOMICS 69–84 (2017). Furthermore, the effectiveness is likely to become even smaller as permanent supportive housing becomes more prevalent and the remaining homeless tend to be increasingly “hard to house.” See David S. Lucas, *Federal homelessness policy: A robust political economy approach*, 30 THE REVIEW OF AUSTRIAN ECONOMICS 277–303 (2017).

<sup>6</sup> I captured funding under the Continuum of Care and Emergency Solutions Grants in 2011, 2013, and 2015. I also found that federal funding was positively related to rates of sheltered and totals homelessness. See David S. Lucas, *The Impact of federal homelessness funding on homelessness*, 84 SOUTHERN ECONOMIC JOURNAL 548–576 (2017).

<sup>7</sup> Brendan O’Flaherty, *Homelessness Research: A Guide for Economists (and Friends)*, JOURNAL OF HOUSING ECONOMICS, 80 (2019).

<sup>8</sup> Researchers have indicated that shelter “quality” matters significantly for shelter demand. In a well-functioning Housing First system, the quality of shelter increases, because shelter entry leads quickly to short or long-term housing assistance. See Brendan O’Flaherty, *Need and generosity: how markets for free goods equilibrate*, 54 JOURNAL OF URBAN ECONOMICS 157–172 (2003); Brendan O’Flaherty & Ting Wu, *Homeless shelters for single adults: Why does their population change?*, 82 SOCIAL SERVICE REVIEW 511–550 (2008).

For example, unsheltered homelessness is largely concentrated in communities with milder climates, while sheltered homelessness is more prevalent in colder places.<sup>9</sup> These populations are very different on average. The prevalence of homelessness also varies considerably in communities with similar climates, suggesting the importance of state and local policy.<sup>10</sup> Local land use regulations reduce the availability of affordable housing and positively predict homelessness.<sup>11</sup> Local tenant rules affect the incidence of eviction—a common precursor to shelter entry.<sup>12</sup>

On the other hand, strong communities may foster the *prevention* of homelessness. A recent study found that people with strong social ties to relatives, friends, and religious groups were 60% less likely to experience homelessness.<sup>13</sup> Formal prevention programs have also been highly successful in New York City and Chicago.<sup>14</sup> These examples suggest further solutions that go undiscovered (and untested) in a system focused solely an approach like Housing First.

## **TOWARD A MORE COMPASSIONATE AND EFFECTIVE RESPONSE**

If it were a settled fact that the Housing First approach—or simple housing subsidies—were *the* solution to end homelessness, the principal obstacle would be securing enough funding.

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<sup>9</sup> The ten states with the warmest winter temperatures accounted for 67% of the unsheltered homeless population in 2017. The ten states are Alabama, Arizona, California, Florida, Georgia, Hawaii, Louisiana, Mississippi, South Carolina, and Texas. Based on December, January, and February average temperatures from 1971 to 2000 provided by the National Oceanic and Atmospheric Administration and the 2017 Point in Time counts published by the U.S. Department of Housing and Urban Development.

<sup>10</sup> Kevin Corinth & David S. Lucas, *When warm and cold don't mix: The implications of climate for the determinants of homelessness*, 41 JOURNAL OF HOUSING ECONOMICS 45–56 (2018).

<sup>11</sup> John M. Quigley & Steven Raphael, *Regulation and the High Cost of Housing in California*, 95 THE AMERICAN ECONOMIC REVIEW 323–328 (2005); Steven Raphael, *Housing market regulation and homelessness*, HOW TO HOUSE THE HOMELESS 110–140 (2010).

<sup>12</sup> Robert Collinson & Davin Reed, *The effects of evictions on low-income households*, WORKING PAPER, NEW YORK UNIVERSITY, WAGNER SCHOOL (2018); Gubits et al., *supra* note 4.

<sup>13</sup> Kevin Corinth & Claire Rossi-de Vries, *Social Ties and the Incidence of Homelessness*, 28 HOUSING POLICY DEBATE 592–608 (2018).

<sup>14</sup> Sarena Goodman, Peter Messeri & Brendan O'Flaherty, *Homelessness prevention in New York City: On average, it works*, 31 JOURNAL OF HOUSING ECONOMICS 14–34 (2016); William N. Evans, James X. Sullivan & Melanie Wallskog, *The impact of homelessness prevention programs on homelessness*, 353 SCIENCE 694–699 (2016).

However, it is unlikely that increasing funding for this, or *any* one-size-fits-all approach, will achieve the desired goal. Many of the barriers to housing stability are local or even individual in nature, suggesting the effectiveness of different programs across communities and homeless subpopulations.<sup>15</sup>

I suggest an alternative to mandating the proliferation of a single, top-down approach. Increase organizations' flexibility to use existing, scarce resources toward innovative efforts to alleviate homelessness in their communities. Continue to invest in the collection of data on organization and community performance at addressing homelessness. Allow these data to guide further evaluation and inform future funding decisions. Better performance data and increased program flexibility would encourage the discovery of innovative solutions to homelessness that are tailored to local conditions and client needs—leading toward a homelessness infrastructure that is more compassionate, effective, and truly evidence-based.

Thank you for your time, and I look forward to answering your questions to the best of my ability.

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<sup>15</sup> Notably, the two main research studies on Housing First's effectiveness at housing retention focus on individuals with disabilities or mental illness. Whether their results (and cost-benefit analyses) extend to other subsets of the homeless population remains to be seen. See Tsemberis, Gulcur, and Nakae, *supra* note 4; Aubry, Nelson, and Tsemberis, *supra* note 4.